REMARKS

In the final Office Action dated July 19, 2006, the Examiner rejected claims 1-4, 10-12, 19, 20, 22, 25-28, 30, 31, 35, 36, 42, 45-50, 56-58, 65, 66, 68, 71-75, 77-80, 86-88, 95, 96, 98, 101-105, 107, 110-112, 115, 116, and 118-120 under 35 U.S.C. § 102(b) as being anticipated by *Sears* ("Sears Tests Starter Card," Card Fax News Brief); and rejected claims 5-9, 14-18, 21, 23, 24, 32-34, 37-40, 43, 44, 51-55, 60-64, 67, 69, 70, 76, 81-85, 90-94, 97, 99, 100, 106, 108, 109, 113, 114, and 117 under 35 U.S.C. § 103(a) as being unpatentable over *Sears.*

By this Amendment, Applicants amend claims 1, 10, 19, 28, 30, 37, 42, 47, 56, 65, 74, 76, 77, 86, 95, 104, 106, 107, 112, and 117. Based on the following remarks, Applicants respectfully traverse the rejections under 35 U.S.C. §§ 102(b) and 103(a).

I. The Rejections Under 35 U.S.C. § 102(b)

a. The Rejection of Claims 1-4, 30, 31, 35, 36, 77-80, 47-50, and 118-120

The Examiner asserts *Sears* discloses each and every recitation of claim 1. In particular, the Examiner asserts that *Sears* discloses that "[t]he retailer expects most new cardholders to pay on time and eventually have their credit limits raised" corresponds to the claimed "trial period." (OA at 3.) Applicants still traverse the Examiner's interpretation in this regard.

Claim 1 recites:

> A method for providing a credit account to a customer of an account issuer that provides a starter credit account associated with starter credit account parameters and a standard credit account associated with standard credit account parameters more favorable than the starter credit account parameters, comprising:
>
> receiving a request for the standard credit account from the customer;

providing a starter credit account in place of the standard credit account to the customer;

monitoring the customer's activities associated with the starter credit account during a trial period to determine whether the customer has satisfied predetermined criteria; and

modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account; and

upgrading at least one of the starter credit account parameters to match at least one of the standard credit account parameters when the customer has satisfied the predetermined criteria.

In contrast, raising credit limits at some point, as disclosed by *Sears*, does not establish a trial period. Instead, *Sears* describes an undefined possibility that at some point in time credit limits will be raised based on an expectation. These are not tangible features that support the rejection of Applicants' claims.

Also, *Sears* does not teach modifying the duration of the trial period based on the monitored customer's activities associated with the starter credit account.

Because *Sears* does not teach each and every recitation of claim 1, the rejection of claim 1 under 35 U.S.C. § 102(b) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 30, 47, and 77 each includes recitations similar to those discussed above with respect to claim 1. As explained, the cited art does not support the rejection of claim 1. As such, the cited art does not support the rejection of claims 30, 47, and 77 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 30, 47, and 77 be withdrawn and the claims allowed.

Claims 2-4 and 118 depend from claim 1. Claims 31, 35, and 36 depend from claim 30. Claims 78-80 and 120 depend from claim 77. Claims 48-50 and 119 depend from claim 47 As explained, the cited art does not support the rejection of claims 1, 30,

47, and 77. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

b. The Rejection of Claims 10-12, 56-58, and 86-88

The Examiner asserts *Sears* discloses each and every recitation of claim 10. In particular, the Examiner asserts that *Sears* discloses that "[t]he retailer expects most new cardholders to pay on time and eventually have their credit limits raised," inherently discloses the claimed "monitoring" of "customer activities." (OA at 4-5.) Applicants disagree.

Claim 10 recites:

> A method for providing a credit account to a customer of a credit issuer that provides a starter credit account associated with starter credit account parameters and a standard credit account associated with standard credit account parameters more favorable than the starter credit account parameters, comprising:
> providing a starter credit account to a customer, wherein the customer is not eligible to receive a standard credit account;
> monitoring the customer's activities associated with the starter credit account during a trial period to determine whether the customer has satisfied predetermined criteria during the trial period; and
> notifying the customer of unsatisfied predetermined criteria during the trial period; and
> modifying the starter credit account parameters based on the monitoring, wherein modifying includes upgrading at least one of the starter credit account parameters to match at least one of the standard credit account parameters when the customer has satisfied the predetermined criteria during the trial period.

In addition to the arguments related to a "trial period" described above in connection with claim 1, Applicants traverse the rejection of claim 10 because *Sears* does not

disclose notifying the customer of unsatisfied predetermined criteria during the trial period.

Because *Sears* does not teach each and every recitation of claim 10, the rejection of claim 10 under 35 U.S.C. § 102(b) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 56 and 86 each include recitations similar to those of claim 10. As explained, the cited art does not support the rejection of claim 10. As such, the cited art does not support the rejection of claims 56 and 86 for at least the same reasons set forth in connection with the response to the rejection of claim 10. Applicants therefore request that the rejection of claims 56 and 86 be withdrawn and the claims allowed.

Claims 11 and 12 depend from claim 10. Claims 57 and 58 depend from claim 56. Claims 87 and 88 depend from claim 86. As explained, the cited art does not support the rejection of claims 10, 56, and 86. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

c. The Rejection of Claims 19, 20, 22, 25-27, 65, 66, 68, 71-73, 95, 96, 98, and 101-103

The Examiner asserts *Sears* discloses each and every recitation of claim 19. In particular, the Examiner asserts that "*Sears* is targeting the card ... toward customers with 'very thin' or nonexistent credit histories," and thus teaches the claimed "determining a group of customers." (OA at 5.) Applicants disagree.

Claim 19 recites:

> A method for providing a credit account to a customer of a credit issuer that provides a starter credit account associated with starter credit account parameters and a standard credit account associated with standard credit account parameters more favorable than the starter credit account parameters, comprising:
> determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account, wherein the customers included in the group each have a credit profile that prevents the customers from obtaining the standard credit account;
> ranking the customers included in the group;
> providing a starter credit account to each customer included in the group, wherein parameters associated with each starter credit account vary based on the rank of each customer;
> determining a trial period for each ranked customer;
> determining, for each ranked customer, a predetermined criteria that the customer must satisfy for the starter credit account parameters to be upgraded; and
> for each ranked customer:
> determining whether the ranked customer has met the predetermined criteria during the trial period; and
> upgrading the account parameters associated with the ranked customer based on the determination.

Sears, however, fails to disclose determining a group of customers with existing credit histories who have not previously applied for the standard credit account and are eligible for the starter credit account. Indeed, *Sears* suggests otherwise, stating "the new low-credit approach will 'undoubtedly' save many of those denied applicants who

did not fit into *Sears*' existing modeling programs" (emphasis added). *Sears* thus fails to disclose the recitations of claim 19.

Because *Sears* does not teach each and every recitation of claim 19, the rejection of claim 1 under 35 U.S.C. § 102(b) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 65 and 95 each includes recitations similar to those of claim 19. As explained, the cited art does not support the rejection of claim 19. As such, the cited art does not support the rejection of claims 65 and 95 for at least the same reasons set forth in connection with the response to the rejection of claim 1. Applicants therefore request that the rejection of claims 65 and 95 be withdrawn and the claims allowed.

Claims 20, 22, and 25-27 depend from claim 19. Claims 66, 68, and 71-73 depend from claim 65. Claims 96, 98, and 101-103 depend from claim 95. As explained, the cited art does not support the rejection of claims 19, 65, and 95. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

d. The Rejection of Claims 28, 74, 75, 104, and 105

The Examiner asserts *Sears* discloses each and every recitation of claim 28. In particular, the Examiner asserts that *Sears*' discloses that "[t]he retailer expects most new cardholders to pay on time and eventually have their credit limits raised," which corresponds to the claimed "third credit limit" (OA at 7-8.) Applicants disagree.

Claim 28 recites:

A method for providing credit accounts, comprising:

receiving a request from a customer for a first credit account associated with a first account parameters included a first credit limit and a first interest rate;

providing to the customer a second credit account associated with second account parameters including a second credit limit and a second interest rate, wherein the second credit limit is lower than the first credit limit;

notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information that the third credit is obtainable by making a predetermined number of consecutive on time payments and wherein the third credit limit is higher than the second credit limit and lower than the first credit limit;

monitoring the second credit account to determine whether the customer has made the predetermined number of consecutive on time payments; and

changing the second credit limit to the third credit limit when it is determined that the customer has made the predetermined number of on-time payments associated with the second credit account,

wherein the third credit limit is based on a predetermined amount based on a number of on-time payments made by the customer.

Sears does not teach a third credit limit, much less one based on a number of on-time payments. Further, *Sears* does not disclose notifying the customer of a third credit limit while the customer is provided the second credit limit, the notifying including information that the third credit is obtainable by making a predetermined number of consecutive on time payments and wherein the third credit limit is higher than the second credit limit and lower than the first credit limit.

Because *Sears* does not teach each and every recitation of claim 28, the rejection of claim 28 under 35 U.S.C. § 102(b) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 74 and 104 each include recitations similar to those of claim 28. As explained, the cited art does not support the rejection of claim 28. As such, the cited art does not support the rejection of claims 74 and 104 for at least the same reasons set

forth in connection with the response to the rejection of claim 28. Applicants therefore request that the rejection of claims 74 and 104 be withdrawn and the claims allowed.

Claim 75 depends from claim 74. Claim 105 depends from claim 104. As explained, the cited art does not support the rejection of claims 74 and 104. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

e. The Rejection of Claims 42, 45, 46, 107, 110, 111, 112, 115, and 116

The rejection of claims 42, 45, 46, 107, 110, 111, 112, 115, and 116 is legally deficient because the Examiner failed to address the recitations the claims. The Examiner rejects claim 42 for the same reason as claim 10, and fails to address each of the recitations of claim 42, such as a "second trial period." (OA at 9.)

37 C.F.R. § 1.104(c) requires the Examiner to provide more than merely stating a reference meets the limitations of a rejected claim. When a reference is complex or shows or describes inventions other than that claimed by the applicant, the particular part relied on must be designated as nearly as practicable. The pertinence of each reference, if not apparent, must be clearly explained and each rejected claim specified." 37 C.F.R. § 1.104(c)(2). In this case, the Examiner improperly ignores the recitations of claim 42, such as the "second trial period." As such, the Examiner's rejection of this claim under 35 U.S.C. § 102(b) does not meet the requirements of 37 C.F.R. § 1.104, and thus is improper. Further, to establish *prima facie* case of anticipation under 35 U.S.C. § 102, the Examiner must show, *inter alia*, that the applied reference teach or

anticipate each and every element recited in the claim. Here, by ignoring some of the recitations of claim 42, the Examiner has failed to show how the cited art teaches the recitations of this claim. As a result, the rejection of each of claim 42 does not meet the requirements 35 U.S.C. § 102(b), and thus is improper.

The rejection of claims 42, 45, 46, 107, 110, 111, 112, 115, and 116 is legally deficient because the Examiner has improperly relied on principles of inherency. In addressing claim 43, which depends from claim 42, the Examiner states "if, during the first trial, *Sears* starter credit cardholders fail to meet this predefined criterion, it is common sense to know that these cardholders would be subject to the same predefined criterion if they fail to meet in the first trial ... (this is what second chance is all about)."

Additionally, the Examiner suggests that *Sears* does not teach the elements of claim 42 in stating it is "common sense to know that these cardholders would be subject to the subject predefined crierion if they fail to meet in the first trial . . . (this is what second chance is all about)." Accordingly, the Examiner suggests that it is inherent. However, as noted in MPEP § 2121, "[t]he fact that a certain result or characteristic may occur or be present in the prior art is not sufficient to establish the inherency of that result or characteristic. Indeed, '[i]n relying upon the theory of inherency, the examiner must provide a basis in fact and/or technical reasoning to reasonably support the determination that the allegedly inherent characteristic necessarily flows from the teachings of the applied prior art,' citing *Ex parte Levy*, 17 USPQ2d 1461, 1464 (Bd. Pat. App. & Inter. 1990). Here, the Examiner's rejection of claim 42 relies on statements that do not provide reasonable and technical reasoning to support the rejection. In this regard, the rejection is legally deficient and should be withdrawn.

Because *Sears* does not teach, and the Examiner failed to address, each and every recitation of claim 42, the rejection of claim 42 under 35 U.S.C. § 102(b) is legally deficient. Accordingly, Applicants request that the rejection be withdrawn and the claim allowed.

Claims 107 and 112 each includes recitations similar to those of claim 42. As explained, the cited art does not support the rejection of claim 42. As such, the cited art does not support the rejection of claims 107 and 112 for at least the same reasons set forth in connection with the response to the rejection of claim 42. Applicants therefore request that the rejection of claims 107 and 112 be withdrawn and the claims allowed.

Claims 45 and 46 depend from claim 42. Claims 110 and 111 depend from claim 107. Claims 115 and 116 depend from claim 112. As explained, the cited art does not support the rejection of claims 42, 107, and 112. As such, the cited art does not support the rejection of the identified dependent claims for at least the same reasons set forth in connection with the response to the rejection of their corresponding independent claims. Applicants therefore request that the rejection of these dependent claims be withdrawn and the claims allowed.

III. The Rejections Under 35 U.S.C. § 103(a)

Applicants traverse the rejection of claims 5-9, 14-18, 21, 23, 24, 32-34, 37-40, 43, 44, 51-55, 60-64, 67, 69, 70, 76, 81-85, 90-94, 97, 99, 100, 106, 108, 109, 113, 114, and 117 under 35 U.S.C. § 103(a) because a case for *prima facie* obviousness has not been established based on *Sears*. As M.P.E.P. § 2142 states, "[t]he examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness." To establish *prima facie* obviousness under 35 U.S.C. § 103(a), three requirements must

be met. First, the applied references, taken alone or in combination, must teach or suggest each and every element recited in the claims. *See* M.P.E.P. § 2143.03 (8th ed. 2001). Second, there must be some suggestion or motivation, either in the reference(s) or in the knowledge generally available to one of ordinary skill in the art, to combine or modify the reference(s) in a manner resulting in the claimed invention. Third, a reasonable expectation of success must exist. Moreover, each of these requirements must "be found in the prior art, and not be based on applicant's disclosure." M.P.E.P. § 2143 (8th ed. 2001).

a. The rejection of claims 37-40

Claim 37 recites a process for monitoring a starter credit account, including, inter alia, a "process for notifying customers of an increased credit limit that will be provided to the customer if the customer satisfies predetermined criteria" and "a process for notifying the customer of the predefined criteria the customer must satisfy to obtain the increased credit limit." *Sears* fails to teach or suggest these and other recitations of claim 37.

In rejecting claim 37, the Examiner cites to portions of *Sears* disclosing, "the retailer expects most new card holders to pay on time and eventually have their credit limits raised." (OA at 18.) However, *Sears* is silent as to notifying customers of an increased credit limit that will be provided to the customer if the customer satisfies predetermined criteria, and also fails to disclose notifying the customer of the predefined criteria the customer must satisfy to obtain the increased credit limit. *Sears* thus fails to teach or suggest all of the recitations of claim 37.

Moreover, the Examiner concedes that *Sears* fails to teach or suggest the claimed "process for resetting the trial period when the activity reflects that the customer has not met the predetermined criteria" of claim 37. (OA at 18.) However, the Examiner alleges, "[i]t is common sense to know that if the trial period leaves the account in poor standing ... the customer would be penalized and his account would be downgraded." (OA at 18.)

Applicants traverse the Examiner's taking of Official Notice that the above-noted recitations of claim 37 is well known. An Official Notice rejection is improper unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known. See M.P.E.P. § 2144.03, the procedures set forth in the Memorandum by Stephen G. Kunin, Deputy Commissioner for Patent Examination Policy dated February 21, 2002, and the precedents provided in *Dickinson v. Zurko*, 527 U.S. 150, 50 U.S.P.Q.2d 1930 (1999) and *In re Ahlert*, 424 F.2d, 088, 1091, 165 U.S.P.Q. 418, 420 (CCPA 1970). Further , any facts asserted as well-known should serve only to "fill in the gaps" in an insubstantial manner. It is never appropriate to rely solely on "common knowledge" without evidentiary support in the record as the principal evidence upon which a rejection is based. Applicants submit that the recitations recited in claim 37 are not unquestionably well-known, and the Examiner has failed to demonstrate the contrary. Applicants submit that "resetting the trial period when the activity reflects that the customer has not met the predetermined criteria" is not well known and not commensurate with downgrading an account based on poor standing, as alleged by the Examiner. Accordingly, Applicant traverses the Official

Notice and requests that the Examiner either cite a competent prior art reference in substantiation of these conclusions, or else withdraw the rejection.

Further, Applicant reminds the Examiner of the following provision set forth in M.P.E.P. § 2144.03:

> [w]hen a rejection is based on facts within the personal knowledge of the examiner, the data should be stated as specifically as possible, and the facts must be supported, when called for by the applicant, by an affidavit from the examiner. Such an affidavit is subject to contradiction or explanation by the affidavits of the applicant and other persons.

To the extent the Examiner is relying on personal knowledge in taking Official Notice that the features of claim 37 are well known, Applicants request that the Examiner provide an affidavit evidencing such knowledge as factually based on legally competent to support the Examiner's conclusions. For these additional reason, Applicant requests that the rejection of claim 37 under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

Claims 38-40 depend from claim 37. Accordingly, the rejection of these claims is deficient for at least the same reasons set forth above in connection with claim 37.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 37-40 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

b. The rejection of claim 76, 106, and 117

Claim 76 recites a computer-readable medium including, inter alia, instructions for performing a method including "changing the second interest rate to a third interest rate that is higher than the first interest rate, when it is determined that the customer has

made the predetermined number of on-time payments associated with the second credit account."

The Examiner concedes that *Sears* fails to teach this recitation of claim 76, but alleges, "[i]t's a well-known and common practice by credit card issuers to adjust interest rates of customers based on the customer's account standing." (OA at 22.)

Applicants traverses the Examiner's taking of Official Notice that the above-noted recitations of claim 75 is well known. As noted above in connection with claim 37, an Official Notice rejection is improper unless the facts asserted are well-known or common knowledge in the art, and capable of instant and unquestionable demonstration as being well-known, and any facts asserted as well-known should serve only to "fill in the gaps" in an insubstantial manner. See M.P.E.P. § 2144.03. Additionally, as noted above, it is never appropriate to rely solely on "common knowledge" without evidentiary support in the record as the principal evidence upon which a rejection is based.

Applicants submit that the recitations in claim 76 are not unquestionably well-known, and the Examiner has failed to demonstrate the contrary. Applicant submits that merely adjusting interest rates based on account standing does not reflect or demonstrate that the recitations of claim 76 are well known. Accordingly, Applicant traverses the Official Notice and requests that the Examiner either cite a competent prior art reference in substantiation of these conclusions, or else withdraw the rejection.

Further, to the extent the Examiner is relying on personal knowledge in taking Official Notice that the features of claim 76 are well known, Applicants request that the Examiner provide an affidavit evidencing such knowledge a factually based on legally

competent to support the Examiner's conclusions. *See* M.P.E.P. § 2144,93, For these additional reasons, Applicant requests that the rejection of claim 76 under 35 U.S.C. § 103(a) be withdrawn and the claims allowed.

Applicants submit that *Sears* does not disclose, and it is not well-known, to adjust an interest rate "higher than [a] first interest rate," the first interest rate being associated with a first credit account requested by a customer, as recited in claim 76.

For at least these reasons, the cited art does not support the rejection of claim 76 under 35 U.S.C. § 103(a), as asserted by the Examiner.

Claims 106 and 117 each includes recitations similar to those of claim 76. As explained, the cited art does not support the rejection of claim 76. As such, the cited art does not support the rejection of claims 106 and 117 for at least the same reasons set forth in connection with the response to the rejection of claim 76.

For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 76, 106, and 117 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

c. The rejection of claims 5-9, 14-18, 21, 23, 24, 32-34, 43, 44, 51-55, 60-64, 67, 69, 70, 81-85, 90-94, 97, 99, 100, 108, 109, 113, and 114

Claims 5-9 depend from claim 1. Claims 14-18 depend from claim 10. Claims 21, 23, and 24 depend from claim 19. Claims 32-34 depend from claim 30. Claims 43 and 44 depend from claim 42. Claims 51-55 depend from claim 47. Claims 60-64 depend from claim 56. Claims 67, 69, and 70 depend from claim 65. Claims 81-85 depend from claim 77. Claims 90-94 depend from claim 86. Claims 97, 99, and 100 depend from claim 95. Claims 108 and 109 depend from claim 107. Claims 113 and 114 depend from claim 112. As explained, the cited art does not support the rejection

of claims 1, 10, 19, 30, 42, 47, 56, 65, 77, 86, 95, 107, and 112. For at least these above reasons, the Examiner has not established a *prima facie* case of obviousness, and Applicants request that the rejections of claims 5-9, 14-18, 21, 23, 24, 32-34, 43, 44, 51-55, 60-64, 67, 69, 70, 81-85, 90-94, 97, 99, 100, 108, 109, 113, and 114 under 35 U.S.C. § 103(a) be withdrawn, and the claims allowed.

IV. Conclusion

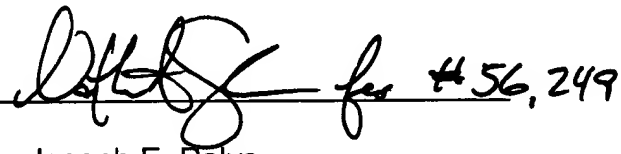
In view of the foregoing amendments and remarks, Applicants respectfully request reconsideration and reexamination of this application and the timely allowance of the pending claims.

Please grant any extensions of time required to enter this response and charge any additional required fees to our deposit account 06-0916.

Respectfully submitted,

FINNEGAN, HENDERSON, FARABOW,
GARRETT & DUNNER, L.L.P.

Dated: December 19, 2006

By:  for #56,249

Joseph E. Palys
Reg. No. 46,508